

ISRAEL

OVERALL PERFORMANCE (63 countries)



CHALLENGES IN 2020

- To restart the economy after the Covid-19 crisis.
- To decrease the number of unemployed.
- To decrease the government deficit after the Covid-19 crisis.
- To help private companies to regain productivity.
- To increase productivity generally.

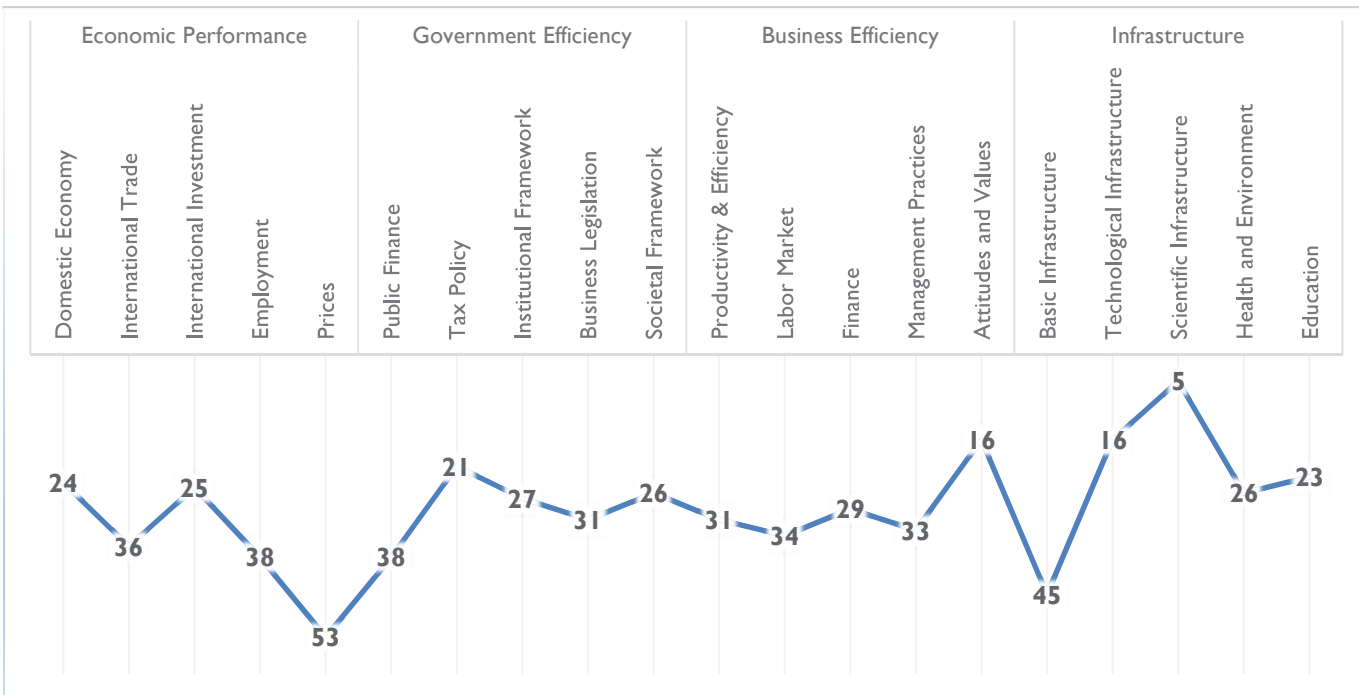
Provided by:

The Federation of Israeli Chambers of Commerce, Tel-Aviv

BASIC FACTS

		Rank
Capital	Jerusalem	
Land area (square km '000)	22 ²⁰¹⁹	
Exchange Rate (per \$)	3.565 ²⁰¹⁹	
Population - market size (millions)	9.05 ²⁰¹⁹	42
Gross Domestic Product (GDP) (US\$ billions)	395.1 ²⁰¹⁹	30
GDP (PPP) per capita (US\$)	39,226 ²⁰¹⁹	30
Real GDP growth (%)	3.5 ²⁰¹⁹	14
Consumer price inflation (%)	0.84 ²⁰¹⁹	19
Unemployment rate (%)	3.80 ²⁰¹⁹	20
Labor force (millions)	4.12 ²⁰¹⁹	43
Current account balance (% of GDP)	3.63 ²⁰¹⁹	22
Direct investment stocks inward (\$bn)	148.0 ²⁰¹⁸	35
Direct investment flows inward (% of GDP)	4.61 ²⁰¹⁹	6

COMPETITIVENESS LANDSCAPE



PEER GROUPS RANKINGS

EUROPE - MIDDLE EAST - AFRICA (40 countries)



POPULATIONS < 20 MILLION (34 countries)



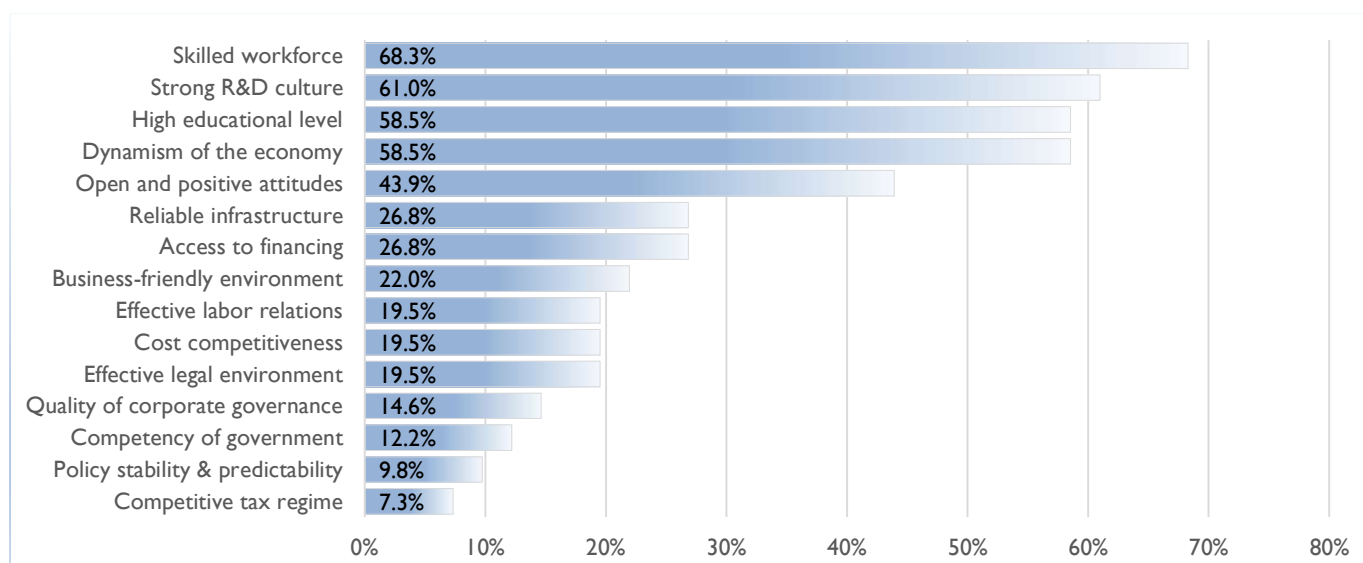
COMPETITIVENESS EVOLUTION

The criteria below highlight the 15 biggest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one yearbook to the next.

IMPROVEMENTS	WCY	WCY	DECLINES	WCY	WCY
	2019	2020		2019	2020
4.2.16 High-tech exports (%)	13.04	22.83	3.2.14 Labor force long-term growth	-0.46	-0.77
2.3.08 Exchange rate stability	0.048	0.013	1.4.04 Employment - long-term growth	1.54	0.75
2.3.12 Bureaucracy	2.19	3.61	1.1.18 Gross fixed capital formation - real growth	3.11	1.77
2.4.16 Labor regulations	4.27	6.29	2.1.02 Government budget surplus/deficit (%)	-2.93	-3.71
2.3.10 Adaptability of government policy	3.69	5.22	4.5.15 Primary and secondary education	7.42	6.05
4.4.23 Environment-related technologies	0.54	0.75	4.4.28 Quality of life	7.91	6.51
2.4.13 Creation of firms	4.93	6.34	3.2.20 Attracting and retaining talents	7.73	6.49
2.3.09 Legal and regulatory framework	4.40	5.51	3.2.19 Finance skills	7.47	6.39
2.4.15 Start-up procedures	4.0	3.0	4.1.04 Access to water	9.24	8.00
1.2.12 Exports of commercial services (\$bn)	44.31	55.17	3.3.17 Venture capital	7.60	6.63
2.4.11 Parallel economy	4.49	5.56	4.5.17 Management education	7.42	6.49
1.2.02 Current account balance	2.97	3.63	4.4.25 Sustainable development	6.36	5.56
2.4.09 State ownership of enterprises	5.05	6.15	4.5.16 University education	7.91	6.93
1.1.15 Real GDP growth per capita	1.29	1.55	3.3.16 Credit	6.40	5.61
3.3.08 Stock markets	4.80	5.69	3.1.08 Large corporations	6.67	5.85

KEY ATTRACTIVENESS INDICATORS

From a list of 15 indicators, respondents of the Executive Opinion Survey were asked to select 5 that they perceived as the key attractiveness factors of their economy. The chart shows the percentage of responses per indicator from the highest number of responses to the lowest.



ISRAEL

ECONOMIC PERFORMANCE



Sub-Factor Rankings :	2019	2020
Domestic Economy	34	24
International Trade	48	36
International Investment	27	25
Employment	28	38
Prices	52	53

GOVERNMENT EFFICIENCY



Sub-Factor Rankings :	2019	2020
Public Finance	39	38
Tax Policy	21	21
Institutional Framework	28	27
Business Legislation	38	31
Societal Framework	30	26

BUSINESS EFFICIENCY



Sub-Factor Rankings :	2019	2020
Productivity & Efficiency	20	31
Labor Market	18	34
Finance	33	29
Management Practices	29	33
Attitudes and Values	9	16

INFRASTRUCTURE



Sub-Factor Rankings :	2019	2020
Basic Infrastructure	48	45
Technological Infrastructure	11	16
Scientific Infrastructure	7	5
Health and Environment	25	26
Education	14	23

ISRAEL

STRENGTHS

Economic Performance	Rank
1.3.06 Direct investment flows inward (% of GDP)	6
1.3.13 Relocation threats of business	7
1.4.09 Youth unemployment	11
1.1.19 Resilience of the economy	12
1.1.14 Real GDP growth	14
1.1.13 Economic complexity index	17
1.3.02 Direct investment flows abroad (% of GDP)	18
1.5.01 Consumer price inflation	19
1.1.20 GDP per capita	20
1.4.07 Unemployment rate	20

Government Efficiency	Rank
2.4.15 Start-up procedures	6
2.3.07 Foreign currency reserves per capita	9
2.2.11 Employer's social security contribution rate	9
2.5.09 Income share held by lowest 60% - growth	12
2.2.12 Real personal taxes	14
2.4.16 Labor regulations	19
2.4.07 Government subsidies	19
2.4.17 Unemployment legislation	22
2.1.11 Pension funding	22
2.4.04 Foreign investors	23

Business Efficiency	Rank
3.4.07 Use of big data and analytics	3
3.5.04 Flexibility and adaptability	6
3.2.18 Skilled labor	8
3.3.17 Venture capital	9
3.3.05 Access to financial services - gender ratio	10
3.5.06 Digital transformation in companies	11
3.2.16 Female labor force	11
3.1.10 Use of digital tools and technologies	12
3.4.09 Entrepreneurship	13
3.2.09 Apprenticeships	15

Infrastructure	Rank
4.3.05 Business expenditure on R&D (%)	1
4.3.02 Total expenditure on R&D (%)	1
4.2.17 ICT service exports	1
4.5.01 Total public expenditure on education	3
4.2.18 Cyber security	3
4.4.19 Forest area growth	4
4.4.12 Energy intensity	5
4.1.07 Population - growth	6
4.5.09 Women with degrees	6
4.3.11 Science degrees	6

WEAKNESSES

Economic Performance	Rank
1.5.06 Gasoline prices	59
1.2.09 Exports of goods (%)	56
1.5.02 Cost-of-living index	52
1.2.23 Trade to GDP ratio	50
1.4.02 Employment (%)	47
1.4.04 Employment - long-term growth	46
1.2.08 Exports of goods (\$bn)	45
1.4.10 Youth exclusion	41
1.5.04 Office rent	41
1.1.09 Gross fixed capital formation (%)	40

Government Efficiency	Rank
2.4.19 Redundancy costs	54
2.1.02 Government budget surplus/deficit (%)	54
2.4.18 Immigration laws	51
2.4.10 Competition legislation	47
2.4.02 Protectionism	45
2.5.06 Gini coefficient	45
2.5.15 Freedom of the Press	43
2.1.04 Total general government debt (%)	42
2.3.15 Sustainable Development Goals	40
2.4.13 Creation of firms	40

Business Efficiency	Rank
3.1.08 Large corporations	55
3.4.13 Fear of failure rate	51
3.4.08 Customer satisfaction	50
3.2.14 Labor force long-term growth	48
3.3.07 Regulatory compliance (banking laws)	48
3.2.12 Labor force (%)	48
3.2.01 Compensation levels	46
3.4.06 Auditing and accounting practices	44
3.3.06 Banking and financial services	44
3.4.05 Corporate boards	43

Infrastructure	Rank
4.1.09 Dependency ratio	62
4.4.18 Renewable energies (%)	55
4.2.01 Investment in Telecommunications	55
4.2.02 Mobile Broadband subscribers	50
4.5.10 Student mobility inbound	47
4.4.25 Sustainable development	47
4.4.24 Environmental agreements	47
4.4.17 Exposure to particle pollution	47
4.2.04 Communications technology	47
4.4.27 Environmental laws	44